



MINUTES
Economic Development Authority
March 29, 2022

CALL TO ORDER

The Economic Development Authority meeting was called to order at 5:08 pm.

Present: Chair: Jahn Dyvik; Vice Chair: Mike Feldmann; Board: Tim Hultmann, Gina Joyce, Deirdre Kvale, and Sahand Elmtalab (arrived at 5:25 pm)

Staff Present: City Administrator/Executive Director: Scott Weske; City Attorney: John Thames; and City Clerk: Jeanette Moeller

Absent: Board: Charlie Miner (with prior notice)

PLEDGE OF ALLEGIANCE

APPROVE AGENDA

A motion was made by Feldmann, seconded by Joyce, to approve the agenda. Ayes: all.

CONSENT AGENDA

The Consent Agenda consisted of:

- A. Approve Minutes of February 15, 2022 Economic Development Authority Meeting

A motion was made by Hultmann seconded by Feldmann, to approve the minutes of the February 15, 2022 EDA meeting. Ayes: all.

OPEN CORRESPONDENCE

City Clerk Moeller noted that she had received a comment from a resident to let them know that they were pleased in general to hear that the City and EDA were talking about the future of the former BP property.

BUSINESS ITEMS

Discussion Regarding City-Owned Property at 1905 W Wayzata Boulevard

Scott Weske, Executive Director, offered a brief summary of past discussions about options for using the City owned 1905 W Wayzata Boulevard property such as making the site available for food trucks, a farmers' market or other seasonal concepts. Staff reached out to local entities running farmers' market type events and there was not much interest in doing more in the area. Staff reviewed the RFP that was prepared back in 2019, and created a new version of an RFP that has been updated to reflect more current and pertinent information. He referenced the draft one-page "for sale" fact sheet that was also included in EDA members' meeting packets, the packet and noted that the intent would be to use it as a sales flyer to market the property. The goal of sending out a "for sale" flyer would be to push commercial real estate agents to an updated RFP for a formal process rather than accepting applications on a first come, first served basis. He stated that he would like the EDA to discuss the property and offer any input on the draft materials staff put together.

Chair Dyvik mentioned that the first thing that jumped out to him in the packet materials was the square footage listed for the lot, because the number seemed very low to him.

Moeller indicated that she would double check that information and noted that the lot size had been left in from the prior version of the draft RFP.

Chair Dyvik stated that from comparisons to other properties he believes the lot is probably closer to 0.5 acres in size.

Weske noted that the 8,000 square foot reference could perhaps have been the size of the building originally on the site.

Moeller checked the Hennepin County website and reported that the property is actually 125' x 165' so she will correct that information for the updated RFP and fact sheet. She explained that in preparing the new version of an RFP, staff had provided a little more clear information on planning and zoning considerations, and removed references to residential or mixed use development to refocus the RFP on the City's property only. She added that Board member Miner had submitted a comment earlier today about the number of things that were required for a submittal in the draft RFP. She noted that the EDA may wish to discuss submittal requirements, but explained that staff feels that they would want all of the site background, use and descriptive content because it would be needed for review for planning and zoning considerations.

Board member Kvale questioned whether it was completely necessary to have an RFP or if the commercial real estate brokers could be just be notified about the property via the for sale flyer.

Weske replied that an RFP would help in his opinion to assure applications are made that are not missing necessary parts and pieces of information. With an RFP in place, interested parties come forward with a fully formed plan.

Board member Kvale reiterated her suggestion that because of the specific timeframe contained within an RFP, this process could move forward without an RFP.

Moeller recommended that if the EDA felt the property should be marketed without an RFP, she would say the one page for sale fact sheet should probably turn into a more detailed handout to cover more of the site information that would have been included in the RFP. She stated that with any for sale flyer, the EDA would want to establish what they are looking for on the purchase price because that will be a key point if they are not moving forward with an RFP process.

Chair Dyvik asked if the City had ever sent information out on this property.

Weske recalled that an RFP had gone out but the City never received any completed applications.

Chair Dyvik observed that he wondered if it may have been because the wrong square footage was included on the original RFP.

Moeller indicated that she did not think that had been the reason because there had been some local interest and those individuals were familiar the property's size, but still did not submit an organized proposal.

Board member Kvale questioned whether potential buyers consider an RFP process more competitive versus a more informal process with a for sale sign with a commercial agent.

Moeller noted that may be possible because an RFP sends the message that the City is collecting proposals and deciding which one they think is the best fit for the site.

Chair Dyvik stated that he would like to see what interest can be drawn to the site from marketing it rather than going through an RFP process.

The EDA discussed information from the RFP that should be transferred to the informational flyer, and the importance of including a disclaimer statement that the property will be sold at the sole discretion of the EDA and for a project meeting their development goals. They discussed possibly increasing the price in order to cover any commission that may need to be paid to a commercial real estate agent.

Board member Elmtalab asked for an overview of what kinds of projects the City is hoping for on this property. He noted that in his experience he thinks comparable properties would be worth much more than the dollar figure being discussed by the EDA, but added that the restriction on the price may be because of the project that can go on it.

Moeller advised that staff thus far has found that restaurants with seating have not worked on the site, but a 'hut' style with a smaller footprint may fit. She suggested that office, retail, and drive-through models are more likely to be able to be accommodated on the property because they have lower parking needs.

Board member Elmtalab observed that the 'hut' style business may be a perfect fit; however, not if the applicant would have to pay \$300,000 for the property.

Moeller recalled that when Scooter's Coffee had been interested in the property, they ended up backing away not because of the price, but because of the City's focus on having a walk up pedestrian option because their business model was moving away from having any kind of walk-up counter.

Chair Dyvik indicated that he had wanted to see a walk in and sit down feature at the property but he thinks the City's parking requirements for restaurants may be strict. He recalled that the City had already given relief to Carbone's and Birch's so he did not think statements should be made saying that the City will not offer any relief on parking requirements.

Moeller cautioned against that approach because there is risk in doing so, and referenced the situation with Birch's where the City gave them a parking variance and ended up with a serious problem in the neighborhood across the street with everyone parking there.

Chair Dyvik stated that he just wanted the City to be open to working with any interested businesses.

Moeller mentioned that they can always apply for a variance and approval or denial action would ultimately be the decision of the Planning Commission and the City Council. She stated that historically to date, the restaurants they have seen interested in this site have not worked.

Board member Joyce asked if the City had ever considered leasing the land to a tenant that wants to build.

Board member Hultmann observed that he did not think the City wanted to be in the landlord business and would rather be rid of it.

Board member Joyce commented that she would like to know what the long-term plan is for the whole corner.

Weske noted he understands that the City has put some money into the property, but the property may likely have more value if the City holds it.

Chair Dyvik agreed that the City should not be in a hurry to sell because as the The Borough apartments, the Zvago project, and the Symes Street townhouses come in, the property will just become more valuable. He stated that he would be interested to find out what interest there may be in the property though because it is possible that there could be a golden opportunity.

Moeller responded that the for sale fact sheet should reference that the property is zoned B-2 general business allowing for a variety of retail and service-oriented uses, and placing the onus on potential applicants to go take a look at what businesses are allowed in B-2. She recommended that in addition to City Administrator Weske as a contact point, she would suggest that she be listed as a general Planning and Zoning contact on the flyer so she can help guide interested parties to what they need to look at when preparing their concept and site plans.

Board member Elmtalab opined that, economically, building on the property and leasing it out would make it easier to attract a tenant in there rather than a purchase scenario. He indicated that if the EDA can figure out what could be located on the property, that will help dictate a price if they put it up for sale because then they can lead it that way. People know the lot is there and available, and the fact that there are not people lining up to buy it should be an indicator that they are not viewing this property the same way the EDA is viewing it.

Chair Dyvik acknowledged that individuals may know the property is there and available, but may be unaware of the residential development that is coming in the near future.

Board member Elmtalab stated that because the property is available, at that location, in Long Lake, the value of it should have increased and people should be interested in it.

Chair Dyvik pointed out that the property is not actively being marketed right now.

Moeller reiterated that if the EDA is interested in putting out a for sale flyer to see what happens, staff will need direction on a purchase price to be incorporated, and the flyer can be updated to include information on the City's development goals. She noted that the City could advertise by flyer and see what happens, because the City/EDA hasn't really tried any marketing of the site in a more engaged manner.

Board member Elmtalab added that he thinks the marketing flyer may be a good idea right now because it may give the EDA some information on what buyers are looking at and what they are willing to pay.

Board member Hultmann suggested that the EDA ask a few realtors to come in and talk to the EDA and then select one to market the property. He commented that he wants to avoid the situation where the matter keeps getting pushed further down the road and nothing actually occurs.

Chair Dyvik stated that he would not disagree with that idea.

Board member Kvale indicated that she also liked the idea of getting a realtor but asked how they would be paid and if it would be commission-based or for-time based when providing their advice on how to market it.

Board member Elmtalab suggested that perhaps the flyer could say something about the final purchase price plus 3%.

City Attorney Thames confirmed they could take that approach, or could just build an awareness of that fee in the purchase price.

Moeller emphasized that whoever the property would be sold to would ultimately be at the City's discretion, and stated that she would suggest keeping the marketing flyer clean and simply putting a purchase price on the document. Further terms of purchase would be worked out through a Purchase Agreement.

Thames observed that if the EDA may be planning to use a commercial realtor, perhaps the EDA should figure out who that will be and then have them involved and offering input on what should be included on the flyer.

Board member Kvale asked if the EDA could interview a few commercial realtors.

Weske reflected that because everybody 'knows somebody', he thinks it would be a good idea to talk to a few to avoid appearing as though the EDA is only focusing on one individual.

Chair Dyvik expressed interest in the idea of engaging a commercial realtor, but he does not want the City to feel obligated to go down that road and sell the property.

Moeller reminded the EDA that they can always say no to an offer at their discretion.

Weske stated that he assumes the process would be similar to a home sale where you have a contract with an agent for a certain time period.

Chair Dyvik responded that he believed this circumstance will differ because as a homeowner you are just looking for a certain price point, but with this property, all parties are looking for more than just that.

Weske suggested that perhaps the City is looking for a realtor consultant rather than a broker to work with the EDA, share some advice, with the EDA/City handling the sale itself.

Moeller commented that she sees value in the City controlling the messaging, but agreed that there may be value in obtaining input from a real estate broker on what information to include on the flyer.

Chair Dyvik suggested that staff put together a draft two-page flyer and EDA members can talk to a few of their real estate contacts to solicit opinions in preparation for making a decision at the next EDA meeting about which approach they should take.

Board member Elmtalab stated that it may be good to pull some data on what the property may be worth now versus when all the extra people will be around because that may be an important piece of the market.

Weske stated that he and Moeller will start drafting the sales flyer while the EDA members reach out to their contacts so that perhaps by the next EDA meeting, the EDA can review a draft and determine if it is ready to be sent out or if they need more input.

The EDA discussed ways for the City to be able to control the use of this property and examples of the possibility to use the property for metered parking as an interim use.

Moeller believed that staff received enough direction to be able to come back to the next meeting with an improved flyer and suggested that the EDA reach out to their commercial real estate contacts about this situation in the meantime.

Board member Hultmann asked that Public Works Director Diercks be directed to get an estimate on how much it would cost to blacktop and stripe the space to use for interim parking.

OTHER BUSINESS

No other business was discussed.

ADJOURN

Hearing no objection, Chair Dyvik adjourned the meeting by general consent at 6:28 pm.

Respectfully submitted,
Scott Weske, Executive Director